



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington DC 20580

AG 12 88

MEMORANDUM TO: John Konfala
Director
Strategic Trade Controls
Department of Defense

FROM: Willard A. Workman *WAW*
Acting Director
Office of Technology and Policy Analysis

SUBJECT: EAI Case B042381

The issue in this case is visitation/inspection requested by DOD to verify physical installation and end-use. The consignee, SA'AD, in the application is a general contractor that is building a Research and Development Center for the Government of Iraq. The R&D Center is the ultimate consignee in Iraq and SA'AD will have no control over the goods being exported. In a letter SA'AD has reported that any future visits to the R&D Center will have to be arranged through the Iraq government by SA'AD.

The national security concerns with an export of this type to Iraq are limited to risk of diversion to proscribed destinations. Therefore, OTPA will issue the subject license with a condition that EAI visit and report to OEL, within one year of installation at the R&D Center, that the computer has been installed and is being used for the research specified in the SA'AD letter of 3 May 1986.

State could not get the requested assurances. Therefore, the DOD conditions have been placed on the applicant.